

PATRICK T. McHENRY
MEMBER OF CONGRESS
10TH DISTRICT, NORTH CAROLINA

2334 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2576
FAX: (202) 225-0316
www.house.gov/mchenry

COMMITTEES:
FINANCIAL SERVICES
OVERSIGHT AND
GOVERNMENT REFORM

Congress of the United States
House of Representatives
Washington, DC 20515-3310

DISTRICT OFFICES:
87 FOURTH STREET, NW
SUITE A
P.O. Box 1830
HICKORY, NC 28603
(828) 327-6100
FAX: (828) 327-8311

GASTONIA DISTRICT OFFICE:
128 WEST MAIN AVENUE, SUITE 115
GASTONIA, NC 28052
(704) 833-0096
FAX: (704) 833-0887

BUNCOMBE REGIONAL OFFICE:
BLACK MOUNTAIN TOWN HALL
160 MIDLAND AVENUE
BLACK MOUNTAIN, NC 28711
(828) 669-0600

TOLL FREE IN NC
(800) 477-2576

October 14, 2014

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20536

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Dear Chairman Wheeler:

Broadband Internet access has become an essential part of the economic and social fabric in rural North Carolina, as a tool to build businesses, apply for jobs, enhance educational opportunities and connect to friends and relatives. With robust broadband service, even a small town can rely on its residents' talent and determination to compete with the world. Without it, the same community risks being left behind in today's technology-centric economy.

Phase II of the Connect America Fund ("CAF II") offers a tremendous opportunity to bring speedier, fiber-fed broadband connections to millions of Americans who wouldn't otherwise receive these benefits. Thanks to the Commission's well-publicized efforts, thousands of rural communities are now counting on CAF II. And because CAF II represents the final phase of Universal Service reform for these areas, its rules will effectively determine, for years to come, whether millions of rural residents will have a broadband connection or not. Indeed, the June 10 Further NPRM has raised hopes further by more than doubling the promised download speeds from 4 Mbps to 10 Mbps.

I write to you today to emphasize how important it is to ensure that the final details of CAF II live up to its promise. I am concerned that if the Commission more than doubles the speed requirements without allowing the appropriate level of flexibility in other elements of CAF II, the program's overall mission could be endangered.

To the Commission's credit, the June 10 FNPRM identifies a number of constructive ideas that could help achieve the speedier network goals without exceeding the CAF II annual

budget. First, the CAF II funding period must be extended from the current 5 years to 10 years to allow adequate time for the construction of the higher-capacity network. Next, the Commission must use the same 10 Mbps standard when identifying broadband availability from competitors, or else communities with just 4 Mbps will be left behind. The Commission also must establish network build-out parameters consistent with the goal of providing quality broadband service to as many people as possible within CAF's limited funding framework. As such, providers must be given the flexibility to substitute extremely high cost locations with unserved locations in partially served census blocks.

I would also encourage you to be as precise as possible when targeting support to areas where broadband would not otherwise be available. In the "interim" CAF I phases, an entire census block could be disqualified if a competitive carrier claimed to serve even a small fraction of its customers. Now that we are in the final phase, we hope the CAF II standards can reach those unserved customers, and also require competitive carriers to meet a reasonable standard of verification before depriving a community of CAF II support.

Despite years of federal efforts to overcome the digital divide, I still often hear from constituents in rural North Carolina seeking assistance to bring broadband service to their homes. The concerns they raise are a reminder of how challenging rural broadband policy can be, but also how important it is. Thank you for considering my concerns, and I look forward to working with you.

Sincerely,


Patrick McHenry
Member of Congress



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable Patrick T. McHenry
U.S. House of Representatives
2334 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman McHenry:

Thank you for your letter regarding the implementation of certain aspects of Phase II of the Connect America Fund (CAF II). In your letter, you express concerns that the overall mission of the CAF II program could be endangered if the Commission increases the current broadband speed benchmark for program recipients to 10 Mbps downstream /1 Mbps upstream without allowing flexibility in other elements of the program, particularly with respect to the length of the term of support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

The universal service program is one of the most important tools at our disposal to ensure that consumers and businesses in rural America have the same opportunities as their urban and suburban counterparts to be active participants in the United States of the 21st century. We are focused on updating the universal service high-cost program to ensure that we are delivering the best possible voice and broadband experiences to rural areas of states such as North Carolina, within the confines of our Connect America budget, all while providing increased certainty and predictability for all carriers, and a climate for increased broadband expansion.

In April of this year, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Phase II of the Connect America Fund for price-cap carriers. In addition, in an associated *Further Notice of Proposed Rulemaking (FNPRM)*, the Commission sought comment on a number of the issues you raise, including revising the current broadband performance obligations to require minimum speeds of 10 Mbps downstream, and applying the same performance obligations to all recipients of Phase II support and rate-of-return carriers. The *FNPRM* also seeks comment on proposals to allow CAF II recipients more flexibility in meeting their performance obligations, including whether to extend the term of support for CAF II recipients, and permit recipients to substitute locations in partially served census blocks for locations in the unserved census block for which they receive support. We have received a robust record on these issues, and they are under consideration by Commission staff.

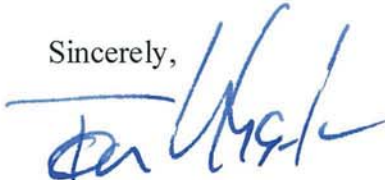
You also expressed your concern that the Commission ensure that eligible households not be excluded from CAF II funding. We take this concern very seriously. We are currently

finalizing the list of census blocks that are eligible for support. To ensure that this list is as accurate as possible, we have a challenge process in place where parties can identify alleged problems with the broadband map. As part of that process, the Commission has received a total of 178,335 challenges from parties on the served/unserved status of census blocks. Commission staff is currently reviewing these challenges and seeking public comment on the challenges. We intend to make sure that a fair challenge process is conducted so that all eligible unserved areas qualify for funding.

I welcome a dialogue with stakeholders as to how best to accomplish our shared objectives. I look forward to working with you as we continue reforming and modernizing the Universal Service Fund high-cost program – as well as other components of the Universal Service Fund – to ensure that all Americans have access to robust voice and broadband services.

Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a stylized flourish extending from the end.

Tom Wheeler